Integrated Process Team (IPT) Price Negotiation

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10-11 June 2003

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- Purpose…
  - ***Update*** personnel regarding the ***renewed emphasis*** on IPT
  - ***Encourage*** the use of IPT as an ***alternative*** to pricing/negotiating contracts, where practicable
  - ***Provide*** resources of information

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- What is it?
  - A ***concurrent*** versus ***serial*** approach to pricing and negotiating contracts
  - Designed to ***expedite*** contract award by replacing the traditional pricing/negotiation process with a team-based approach
  - Includes both Government and contractor ***functional experts***
  - Relies on communication between contracting parties during solicitation and proposal development to resolve issues ***up front***

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- Why is it important today?
  - Based on sound business practice
    - Efficient tool for reaching mutual agreements and awarding good contracts in a timely, professional manner
  - Recommended by Management
    - Secretary of Defense directed use of IPT to the maximum extent practicable throughout DOD (Memo dated 10 May 1995)
    - Renewed emphasis by PK in recent Lean events
    - Identified as a target of opportunity by PKPF through use of hybrid-type IPTs (Email dated 6 Feb. 03)
    - Hybrid-types will be coded as “Type 9” in PKPF tracking system

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- What are the advantages of IPT?
  - ***Improved definition*** of the requirements due to teamwork of both Government and contractor
  - ***Improved analysis*** of the price/cost because the pricing team is part of the proposal preparation process
  - ***Improved performance*** since all parties clearly understand what was negotiated and any outstanding issues
  - ***Improved processing time*** by combining activities

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- How does IPT work?
  - It is a team approach that involves:
    - (1) Up-front definition of contract scope, terms and conditions, and the associated cost/price
    - (2) Early involvement of team members
      - Program managers, engineers/other technical experts, financial managers, contracting officers, price analysts, auditors, and other support personnel
      - Continuity of members is important; avoid frequent changes of team members
      - Team responsibility and accountability are needed—not just a collection of individual efforts

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- How does IPT work?
  - (3) Empowerment of the team
    - Team decisions are made at the lowest possible level and coordinated among all members
  - (4) Mutual agreements
    - Ensure coordination through a technical focal point as well as with PCO and price analyst
    - Require documentation of all tasks/costs
  - (5) Contracting officer is ultimately responsible for fair and reasonable determination of acquisition
  - (6) Agreements are subject to clearance review

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- Lessons Learned:
  - (1) Labor-intensive process, both Government and contractor
  - (2) Unique management challenge to invest resources for the time required
  - (3) Up-front planning is key to success
  - (4) Structured program is important--review, make decisions, and document
  - (5) Early interaction is needed
    - Team should jointly prepare Technical Requirements Document, Statement of Work (SOW) or Statement of Objectives (SOO,) specifications, Contract Data Requirements List (CDRL)
    - Take full advantage of contractor's expertise
    - Develop an outline that focuses on deliverable results
    - Consider performance-based approach

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- Lessons Learned:
  - (6) Establish lead Government technical coordinator, along with contracting officer and price analyst—this provides an important “check and balance,” and enhances skill level
  - (7) Rate agreement important—Ideally, obtain rate agreement before IPT starts to avoid an impasse during negotiations; utilize DCMC in this effort
  - (8) Continuity of team members—the teaming concept relies heavily on mutual trust and understanding, thus, frequent changes in team membership should be avoided, if possible

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- SUMMARY
  - IPT…
    - Ensures quality contracts at fair and reasonable prices
    - Enhances customer’s best interest
    - Encourages mutual resolution of issues in a timely and professional manner

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- Resources…
  - **DCMC One Book Coverage of IPT concepts**
    - http://www.dcmc.hq.dla.mil/onebook/tblofcon.htm
  - **Navy IPT Campus**
    - http://www.acq.ref.navy.mil/iptinfo.html
  - **ESC One Pass Homepage**
    - http://www.hanscom.af.mil/ESC-PK/onepass/lp lguid.htm
  - **ASC Guidance**
    - http://www.asc/wpafb.af.mil/indguide/ipt.htm
  - **Navy IPT examples and guidance**
    - http://www.acq-ref.navy.mil/turbo/arpc.htm
  - **F-16 IPT Success Story**
    - http://www.safaq.hq.af.mil/acq ref/stories/f-16 1.html
  - **DCMC IPT Pricing Guide**
    - http://www.dcmc.hq.dla.mil/onebook/6.0/6.6/IPTpricingguidebk.htm